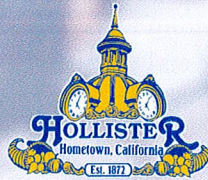


Q2

2010



City of Hollister

Sales Tax *Update*

Third Quarter Receipts for Second Quarter Sales (Apr-Jun 2010)

Hollister In Brief

Receipts for Hollister's second quarter sales were 3.2% higher than the same quarter one year ago. Actual sales were up 1.7% when reporting aberrations were factored out.

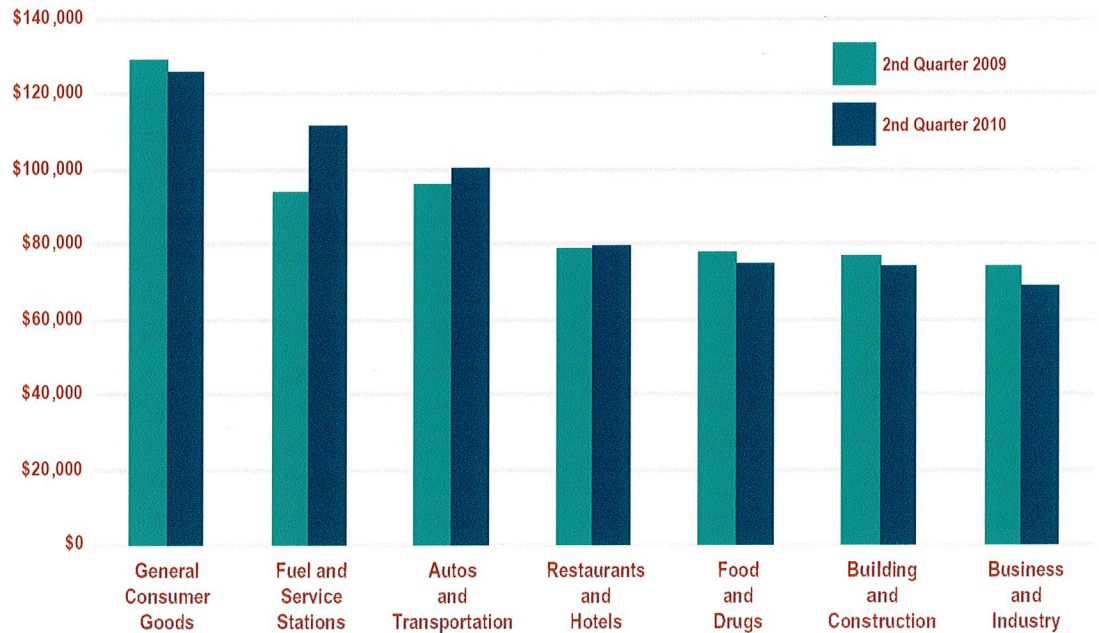
Higher fuel prices that helped boost revenues from service stations were primarily responsible for the current increase. The city experienced a gain in sales from the autos & transportation sector. The double-up of previously late payments and reporting problems in the comparison period inflated results from restaurants with no alcohol.

The gains were partially offset by a decline in sales from garden/agricultural supplies, grocery stores with liquor and some categories of general consumer goods. A business closeout reduced revenues from the building & construction group.

The city's voter approved one-cent transaction tax generated an additional \$903,701 for the quarter, which was 24.3% more than the same period one year ago.

Adjusted for reporting aberrations, taxable sales for all of San Benito County increased 5.3% over the comparable time period while the Central Coast region, as a whole, was up 3.6%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

In Alphabetical Order

Ace Hardware & Lumber	Nash Road Mini Mart
California Forest Products	Nob Hill General Store
Car Lot	Quik Stop Markets
Ciminos Cabinet Doors	Ranch Gas & Food
Crop Production Services	Rite Aid
Greenwood Chevrolet	Safeway
Hollister Chevron	Safeway Gasoline Sales
Hollister Honda	Save Mart
K Mart	Supermarkets
McDonalds	Staples
McKinnon Lumber	Target
Milgard Manufacturing	Texas Gasoline
	Tiffany Ford Lincoln Mercury
	Verizon Wireless

REVENUE COMPARISON

One Quarter – Fiscal Year To Date

	2009-10	2010-11
Point-of-Sale	\$628,186	\$636,197
County Pool	87,450	102,627
State Pool	647	356
Gross Receipts	\$716,282	\$739,181
Less Triple Flip*	\$(179,071)	\$(184,795)
Gross Trans. Tax	\$727,210	\$903,701

**Reimbursed from county compensation fund*

California Overall

Local sales and use tax revenues for sales occurring April through June 2010 were 4.7% higher than the same quarter of 2009 after accounting aberrations were factored out. However, the comparison is against a quarter that was 18.4% below the same quarter of 2008 which in turn, was 4.0% lower than the same period of 2007.

Rising fuel prices were again a major part of the quarterly increase. Pent-up demand and manufacturer incentives produced impressive gains in auto and RV sales. Capital investment in technology, equipment and supplies to reduce labor and energy costs drove expanded receipts from business and industrial purchases.

Areas surrounding the Silicon Valley continue to be the center of greatest recovery though a recent up-tick in travel helped produce gains in some vacation/resort communities. The inland parts of California still lag the coastal regions.

It's Official! The Recession is Over!

The National Bureau of Economic Research (NBER) has announced that the recession ended in June of 2009. Technically, this means that economic indicators show that the economy has finally bottomed out. It does not mean that a recovery has occurred.

This year's earlier exuberance has given way to near consensus among economists that the state's recovery will be slow with less than average growth over the next two years.

The argument is that further deleveraging from years of over-spending, over-borrowing, hyper-speculative investment and unsustainable real estate prices must occur before we reach the base on which normal growth restarts. With the focus on productivity innovations rather than jobs, unemployment is expected to stay in double digits at least until the end of 2012. Sales tax revenues are expected to continue to recover but at slightly lower rates than

experienced earlier in the year from various tax credit, stimulus rebate and manufacturer incentive programs.

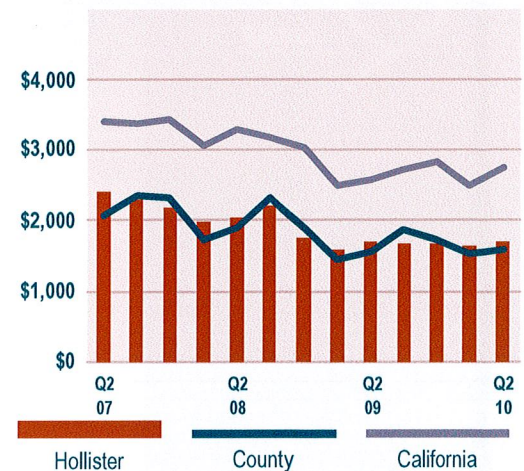
Green Energy Exemptions

The California Alternative Energy and Advanced Transportation Financing Authority (CAEATFA) has fast-tracked adoption of their emergency regulations for implementing new sales and use tax exemptions for "Green Manufacturing" authorized by SB 71, the only significant new sales tax related bill adopted in 2010 to date. The first approvals are planned for their November 17 meeting.

Industry lobbyists have shut local governments out of the process and additional regulations are now being developed for exempting major alternative energy projects such as solar, geothermal and wind. There is no cap on the value of state and local sales tax losses that CAEATFA may approve.

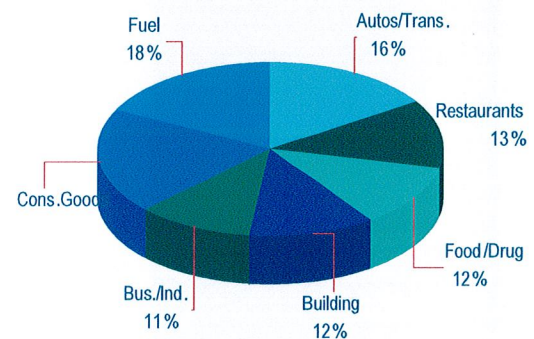
Local governments will not be notified of applications potentially impacting their revenues. However, agenda notices can be obtained by signing up at <http://www.treasurer.ca.gov/caeatfa/agenda.asp>.

SALES PER CAPITA



REVENUE BY BUSINESS GROUP

Hollister This Quarter



HOLLISTER TOP 15 BUSINESS TYPES

Business Type	Hollister		County	HdL State
	Q2 '10	Change	Change	Change
Service Stations	\$111,697	18.6%	24.4%	18.2%
Discount Dept Stores	— CONFIDENTIAL —		-3.6%	0.1%
Restaurants No Alcohol	50,530	15.1%	14.4%	4.6%
Grocery Stores Liquor	44,263	-4.9%	-4.6%	1.0%
New Motor Vehicle Dealers	39,743	20.0%	20.0%	16.4%
Garden/Agricultural Supplies	37,558	-14.5%	-23.4%	0.0%
Contractors	36,095	-5.4%	1.4%	-6.1%
Lumber/Building Materials	29,291	-0.7%	8.2%	2.9%
Restaurants Beer And Wine	20,772	-17.3%	-12.8%	-3.2%
Automotive Supply Stores	17,096	-3.9%	-2.4%	4.8%
Boats/Motorcycles	15,114	-1.8%	-2.6%	-10.9%
Package Liquor Stores	12,530	-10.0%	-10.3%	4.0%
Used Automotive Dealers	12,481	1.1%	3.9%	10.1%
Auto Repair Shops	10,669	-4.0%	-2.6%	1.7%
Light Industrial/Printers	10,444	49.3%	89.5%	14.6%
Total All Accounts	\$636,197	1.3%	2.8%	7.4%
County & State Pool Allocation	102,983	16.9%		
Gross Receipts	\$739,181	3.2%		